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Statement of Policy

It is NorthWestern Energy's policy to have the Chief Audit and Compliance Officer (CCO) provide oversight for investigations concerning NorthWestern Energy's Code of Conduct and Ethics.

Objective

Establish standards for conducting internal investigations involving fraud, ethics, compliance, or other business misconduct.

Scope

This policy applies to all NorthWestern Energy employees.

Definitions

- A. *Accounting and Auditing Matters*: Questions, concerns, or complaints regarding NorthWestern Energy's accounting, internal controls, or auditing activities, processes, or systems.
- B. *Attorney-Client Privilege*: An evidentiary rule that protects confidential communications between NorthWestern Energy and its attorneys made for the purpose of obtaining or providing legal advice. See SDCL § 19-19-502; MCA § 26-1-803; NRS § 27-503.
- C. *CCO Investigatory Matters*: Include, but are not limited to:
 - 1. Potential violations of laws or regulations that expose NorthWestern Energy to criminal or civil liabilities or administrative sanctions;
 - 2. Any initiation of criminal, civil, or other governmental investigation against NorthWestern Energy or any officer, employee, agent, or member of the Board of Directors;
 - 3. Potential fraud by an officer, employee, agent, or member of NorthWestern Energy's Board of Directors; or
 - 4. Potential Code of Conduct and Ethics violations.Generally, the CCO will not be in charge of investigatory matters that involve employee relations issues investigated by Human Resources; matters that involve federal energy regulatory requirements investigated by the FERC Compliance Department; or matters that involve accidents, injuries or operational incidents.
- D. *Confidential*: In the context of this policy, "confidential" means the protection of information regarding an internal investigation.
- E. *Impartiality*: Proceeding without bias or prejudice.



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- F. *Internal Controls*: Processes designed to provide reasonable assurance regarding the reliability of:
1. Financial reporting and the preparation of financial statements, including maintenance of accurate, detailed records; approvals for financial transactions; and prevention of unauthorized acquisition, use, or disposition of assets;
 2. Operational information;
 3. Effectiveness and efficiency of operations;
 4. Safeguarding of assets; and
 5. Compliance with laws, regulations, and contracts.
- G. *Investigation*: The process of fact gathering for the purpose of determining whether a violation of a NorthWestern Energy policy or the Code of Conduct and Ethics occurred, or whether the Company, through its employees, agents, or Board of Directors, violated any regulation or law.
- H. *Objectivity*: Ability to express or deal with facts or conditions as perceived without distortion by personal feelings, animosity, jealousy, personal relationships, prejudices, or interpretations. Any party conducting an investigation must ensure that he or she is objective and unbiased in fact and appearance.
- I. *Work Product Doctrine*: A legal doctrine that protects documents and tangible things otherwise discoverable prepared in anticipation of litigation or for trial. See SDCL § 15-6-26(b); Rule 26, M.R. Civ. P. Montana Rules of Civil Procedure.

Policy Provisions

A. Procedures

When information concerning a CCO Investigatory Matter arises, the recipient of such information must notify the CCO immediately.

- Generally, the CCO will not be in charge of investigatory matters that involve employee relations issues investigated by Human Resources; matters that involve federal energy regulatory requirements investigated by the FERC Compliance Department; or matters that involve accidents, injuries or operational incidents.

As soon as practicable, the CCO will review the matter to determine if it involves an allegation of significance. There is no hard-and-fast definition of "significance." The determination by the CCO will involve evaluating the credibility of the allegations as well as the potential risks. If the allegations are determined to be significant, the CCO may:



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1. Involve NorthWestern Energy's Legal Department to provide any required legal advice.
 - a. If the allegations call into question the conduct of any member of the Legal Department, the CCO or vice president of Human Resources will be in charge of the investigation, and outside counsel will be selected to conduct the investigation or provide legal advice to the Company.
 - b. In cases where legal advice is desired or litigation is anticipated, the CCO will discuss the matter with the Legal Department. If it is determined that the investigation will be conducted under the direction and supervision of the Legal Department, the CCO will issue a written request to the Legal Department. In those cases, advice should be sought from the Legal Department before any investigation is conducted.
 - c. If appropriate, issue a memorandum reviewed by the Legal Department, if necessary, that institutes a confidential internal investigation, defines the scope of the investigation, and authorizes those conducting the investigation to inform affected NorthWestern Energy employees that they are instructed to cooperate with the investigation.
2. Assign a qualified individual to manage the investigation who has had no involvement in the alleged misconduct and is able to conduct the investigation with objectivity.
3. Recommend the actions that NorthWestern Energy should take.

B. Confidentiality

1. Reports of alleged violations or inquiries of any of NorthWestern Energy's policies, procedures, or Code of Conduct and Ethics will be treated as confidential to the extent possible, as allowed by law, and subject to the confidentiality protections contained in NorthWestern Energy's Complaint Procedures Regarding Auditing and Accounting Matters under "Complaints by Employees or Received by the Company." Written and oral information collected during the course of an investigation will only be shared with those who have a need to know. Distribution and copying of investigative reports will be limited in the same manner.
2. All documents created during the course of an investigation should be treated as confidential and marked accordingly. If it is determined that the investigation will be conducted under the direction and supervision of the Legal Department, the Legal Department will provide guidance, such as the marking of documents, necessary to protect communications or documents protected by the attorney-client privilege or the work product doctrine. All documents created during the course of an investigation will be kept for their pertinent retention period, to be determined by the Legal Department.



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C. Documentation

When conducting an investigation as defined by this policy, the investigator should use the established standard investigation report template as guidance for the investigation and maintain sufficient records to document the following:

1. The basis for the investigation (i.e., the source and substance of the allegations and the source of the request for the investigation);
2. The investigative actions taken (i.e., names of parties interviewed, documents reviewed, etc.);
3. The essence of the results of the investigative interviews; and
4. A summary of the investigative findings and recommended action(s).

All documents collected in accordance with this policy must be handled in accordance with the guidance in Section B.

D. Responsibilities

1. Investigator: The investigator is responsible for maintaining the confidentiality and objectivity of the investigation, documenting the results of the investigation, and ensuring that the documentation is maintained as required by this policy.
2. Legal Department: In appropriate cases, the Legal Department is responsible for providing investigators with instructions necessary to ensure protection of the company's attorney-client privilege and of work product. If litigation is reasonably anticipated, the Legal Department is also responsible for issuing a legal hold notice.
3. CCO: The CCO is responsible for communicating this policy, providing investigative support as appropriate, providing guidance and training to investigators as needed, and conducting, referring, or reassigning internal investigations. The CCO is also responsible for discussing the results of the investigation with appropriate executives within NorthWestern Energy and proposing the necessary corrective or disciplinary measures that need to be taken.

Corporate Policy Provisions

- A. Nothing in this policy is intended to limit an employee's rights under the National Labor Relations Act (NLRA).
- B. If any of the provisions of this policy conflict with federal or state law, the provisions of the federal or state law prevail.
- C. If any of the provisions of this policy conflict with those of a collective bargaining agreement (CBA) for covered employees, the provisions of the CBA will prevail.



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- D. All employees are expected to comply with this policy. Failure to do so may result in disciplinary action up to and including termination of employment.
- E. The existence of this policy does not create a contract or vested right of employment implied or otherwise. NorthWestern Energy is an at will employer in South Dakota, Nebraska, and Wyoming.
- F. NorthWestern Energy reserves the right to amend, terminate, or otherwise modify this Policy at any time. The effect of any amendment or modification, however, will be prospective, not retroactive

Additional Resources

- A. Code of Conduct and Ethics
- B. Anti-Fraud Policy
- C. Complaint Procedures Regarding Auditing and Accounting Matters
- D. Federal Energy Compliance Policy
- E. Legal Hold Policy
- F. Safety, Health and Environmental Handbooks

Version	Date	Action	Change Tracking
1	May 11, 2010	Initial creation of policy.	Original Issue.
2	July 2012	Revise policy.	Annual Review. The definitions of "attorney-client privilege" and "work product doctrine" were revised, citations to the appropriate statutes were added, and corresponding provisions were revised. The definition of "objectivity" was revised. The responsibility to issue a legal hold notice was added. The "Additional Resources" section was added.
3	July 2013	Revise policy.	Annual Review. Language was added to clarify that matters involving federal energy regulatory requirements are investigated by the FERC Compliance Department in accordance with the Federal Energy Compliance Policy.
4	July 2014	Annual Review	No changes.
5	July 2015	Annual Review	No changes.
6	July 2016	Annual Review	Changed name to "Code of Conduct Investigation" and clarified the types of matters investigated outside the scope of this policy should still consider these procedures, emphasizing the need for independence/objectivity when conducting investigations, regardless of the subject matter being investigated.
7	July 2017	Annual Review	Minor edit.
8	July 2018	Annual Review	Included "fraud" and other clarifying edits.
9	July 2019	Annual Review	No changes.
10	July 2020	Annual Review	No changes.
11	July 2022	Annual Review	Edits for clarification of involvement by the Legal Department